

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 SP-03 AID-05 EB-12 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-04 PRS-01 USIE-00 SSO-00 NSCE-00

INRE-00 DRC-01 AGR-20 EURE-00 /174 W

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O R 031728Z OCT 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 7566

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: JOINT COUNCIL OF FOREIGN AND AGRICULTURE MINISTERS, OCTOBER

2: AGRICULTURAL ASPECTS

REF: (A) EC BRUSSELS 7626; (B) BONN 15233 (C) EC BRUSSELS 7292

1. BEGIN SUMMARY: ON OCTOBER 2 THE EC COUNCIL OF FOREIGN AND AG-

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RICULTURAL MINISTERS REACHED AGREEMENT ON A 5 PERCENT PRICE RISE

AS OF OCTOBER 7 AND AN ACCEPTANCE OF THE THREE MAIN POINTS OF THE GERMAN POSITION (REFTEL A). THE LATTER WERE EMBODIED IN A RESOLUTION WHOSE TEXT WAS WORKED OUT IN THE MEETING TEXT IN SEPTTEL). THE 5 PERCENT RISE WILL BE TAKEN INTO ACCOUNT IN THE NEXT PRICE REVIEW. THERE WILL BE AN "INVENTORY" OF THE CAP BY THE EC COMMISSION TO BE COMPLETED BY THE END OF FEBRUARY 1975 AND THEN DISCUSSED BY THE COUNCIL. THE MINISTERS AGREED TO OBSERVE THE PROVISIONS OF THE TREATY OF ROME IN REGARD TO "EXISTING AND FUTURE" NATIONAL AIDS, THUS IMPLYING THAT ILLEGAL AIDS WOULD BE PHASED OUT. AFTER AGREEING TO THE RESOLUTION THE MINISTERS ADOPTED THE RESULTS OF THE SEPTEMBER 20 COUNCIL (REFTEL C). END SUMMARY.

2. IN A MEETING CHARACTERIZED AS PREDECIDED AND SUPERFLUOUS, THE EC MINISTERS AGREED ON OCTOBER 2 ON ALL THE POINTS THAT HAD BEEN PUT FORTH IN SCHMIDT'S LETTER TO GISCARD MADE PUBLIC SEPTEMBER 29 (REFTEL B). THIS THEN OPENED THE WAY FOR THE PACKAGE DECIDED UPON BY THE AGRICULTURAL COUNCIL SEPTEMBER 20 TO COME INTO OPERATION ACCORDING TO PLAN, ALTHOUGH THE 5 PERCENT PRICE INCREASE IS NOW EFFECTIVE OCTOBER 7 (REF. C). THE COUNCIL STATED THAT THIS 5 PERCENT INCREASE SHOULD BE TAKEN INTO ACCOUNT WHEN THE 1975/76 SUPPORT PRICES ARE NEGOTIATED, FEBRUARY 1975, AND REPEATED ITS EARLIER STATEMENT THAT IN MAKING ITS PRICE PROPOSALS, THE COMMISSION SHOULD ALSO TAKE INTO ACCOUNT THE TREND IN PRODUCTION COSTS DURING THE 1973 AND 1974 SEASONS, AS WELL AS CHANGES IN THE GENERAL ECONOMIC SITUATION.

3. IN THE DISCUSSION ON PRICES, THE FRENCH STATED THAT IT WAS THE POLICY OF THE GOF TO FIGHT INFLATION. THEY POINTED OUT, HOWEVER, THAT THE COMMUNITY MUST THINK OF THE LONG-TERM SITUATION AND NOT DISCOURAGE EC FARMERS FROM PRODUCING BY SETTING TOO LOW PRICES. MR. BONNET REFERRED TO THE BEEF SECTOR AS A PARTICULAR EXAMPLE WHERE LOW PRICES COULD LEAD TO LATER SHORTAGES WHICH WOULD RENEW AND INTENSIFY INFLATIONARY PRESSURES.

4. ON THE SUBJECT OF NATIONAL AID MEASURES THE EC MEMBER STATES DECLARED THAT THEY WOULD ABIDE BY ARTICLES 92 AND 93 (RULES FOR STATE AID) OF THE TREATY OF ROME. THE MEMBER STATES WILL COMMUNICATE TO THE COMMISSION THEIR EXISTING NATIONAL AIDS IN THE FIELD OF AGRICULTURE BY JANUARY 1, 1974. (A DUTCH PERM REP SOURCE SAID THAT THE LIST WILL INCLUDE SOCIAL AND TAX MEASURES).
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THE FRENCH SPOKESMAN SAID THE COUNCIL AGREED THAT ALL MEASURES WHICH ARE NOT COMPATIBLE WITH EC RULES (I.E., ACCEPTED BY THE COMMISSION) SHOULD BE ABOLISHED WHILE COMPATIBLE MEASURES COULD BE CONTINUED. HE SAID THEY AGREED TO FOLLOW EXISTING EC PROCEDURES UNDER WHICH THE COMMISSION (A) DECIDES BEFORE MEASURES BECOME EFFECTIVE WHETHER THEY ARE CONSISTENT WITH THE TREATY; AND (B) REVIEWS THEM DURING THE PERIOD THEY ARE APPLIED. THE COUNCIL UNDERLINED THAT IT WAS

THE RESPONSIBILITY OF THE COMMISSION TO SEE THAT NATIONAL MEASURES CONFORM TO THE EC TREATY. (THE COMMISSION HAS ALREADY BEGUN TO DETERMINE THE COMPATIBILITY OF THE FRENCH AID MEASURES WITH THE TREATY. HOWEVER, IT HAS NOT YET FORMALLY BROUGHT SUIT AGAINST FRANCE IN THE EUROPEAN COURT OF JUSTICE. IF THE COMMISSION DETERMINES THE FRENCH AIDS ARE ILLEGAL, AND FRANCE DOES NOT SUSPEND THEM, THE COMMISSION WILL PRESUMABLY GO TO COURT. IF THE MEASURES ARE RULED ILLEGAL, THE QUESTION REMAINS WHAT TO DO ABOUT THE PAYMENTS ALREADY MADE TO FRENCH FARMERS.) LARDINOIS COMMENTED AFTER THE COUNCIL SESSION ADJOURNED THAT THE FRENCH EXPERIENCE AT THE SEPTEMBER 20 SESSION SHOWED THAT NO ONE WILL FIND IT EASY TO HAVE HIS SINS "WHITEWASHED" BY THE COUNCIL.

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PASS AGRICULTURE

5. THE COMMISSION WILL PRESENT ITS INVENTORY OF THE CAP IN TERMS OF FULFILLMENT OF ARTICLE 39 OF THE ROME TREATY (OBJECTIVES OF THE CAP). THE COMMISSION MUST MAKE ITS REPORT BEFORE THE END OF FEBRUARY. (IN ORDER TO HAVE THE REPORT IN TIME FOR THE 1975-76 PRICE DISCUSSIONS, THE FRENCH HAD SUGGESTED A FEBRUARY 1 DEAD-LINE, BUT THE COMMISSION BALKED, SAYING ITS WORKLOAD WAS TOO GREAT.) THIS INVENTORY, TOGETHER WITH ANY CONCLUSIONS WHICH THE COMMISSION MAY DRAW FROM IT, WILL BE DEBATED IN FULL IN THE COUNCIL

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AND THE EUROPEAN PARLIAMENT. LARDINOIS TOLD A MISSION OFFICER THAT THE COMMISSION INVENTORY OR REPORT WOULD BE IN LINE WITH ITS PROPOSALS OF LAST YEAR. IN PARTICULAR, HE SAID THAT EC FARMERS SHOULD BEAR THEIR SHARE OF RESPONSIBILITY FOR SURPLUSES AND THAT THE COMMISSION WOULD AGAIN PROPOSE LOWER SUPPORT PRICES ABOVE MINIMUM PRODUCTION AMOUNTS FOR PROBLEM SECTORS. LARDINOIS SKIRTED THE IDEA OF DEFICIENCY PAYMENTS. SIR HENRY PLUMB, PRESIDENT OF THE UK NATIONAL FARMERS' UNION, HOWEVER, TOLD A MISSION OFFICER THAT HE DOES NOT BELIEVE THAT LARDINOIS IS OPPOSED IN PRINCIPLE TO DEFICIENCY PAYMENTS AND THAT HE COULD BE BROUGHT AROUND TO AGREE TO THEM SHOULD POLITICAL EXIGENCIES REQUIRE IT. SIR HENRY STATED THAT THE BRITISH POSITION WAS THAT DEFICIENCY PAYMENTS WERE CERTAINLY IN ORDER FOR BEEF AS WELL AS CERTAIN OTHER SECTORS.

6. GERMANY ANNOUNCED THAT IT WILL PUT FORWARD ITS IDEAS FOR AN INVENTORY SOME TIME IN THE NEAR FUTURE. LARDINOIS, WHO WAS IRRITATED BY THE GERMAN EFFORT TO HAVE THE COUNCIL CONDUCT THE INVENTORY, TOLD US HE DID NOT EXPECT ANY DRAMATIC PROPOSALS FROM GERMANY. HE SAID THAT MEMBER STATES DO NOT COME FORTH WITH "BIG IDEAS" BUT WITH POSITIONS FURTHERING THEIR OWN NATIONAL INTERESTS.

7. THERE IS NO CLEAR UNDERSTANDING OF WHAT WILL COME OUT OF SUCH AN INVENTORY. MANY MEMBER STATES APPEAR TO HAVE QUITE DIFFERENT IDEAS ON ITS PURPOSE AND RESULTS. THE BRITISH, FOR EXAMPLE, VIEW IT AS A VEHICLE FOR THEIR RENEGOTIATION EFFORTS. THEY CONTINUE TO FAVOR DEFICIENCY PAYMENTS AND ALSO SPEAK OF A "HARMONIZATION" OF NATIONAL MEASURES TAKEN IN SPECIFIC SECTORS TO RESOLVE PROBLEMS WHILE NOT DISTORTING COMPETITION AMONG THE MEMBER STATES. THE FRENCH, HOWEVER, WANT A REVIEW WHICH WILL DEMONSTRATE THAT THE CAP HAS BENEFITTED EC COUNTRIES AS WELL AS THIRD COUNTRIES (SIC). THEY SPOKE OF THE BEEF MOUNTAIN (WHICH THEY REFERRED TO AS A SMALL HILL) NOT AS A REFLECTION OF FAULTY CAP SUPPORTS BUT RATHER THE RESULT OF NOT CONTROLLING BEEF IMPORTS EARLY ENOUGH.

8. THERE IS EVEN SOME CONFUSION AS TO WHAT TO CALL THIS INVENTORY/
REVIEW OF THE CAP. MR. BONNET WENT SO FAR AS TO SUGGEST THAT IT
SHOULD NOT BE AN "INVENTAIRE" BUT RATHER AN X-RAY WHEREBY ONECHECKS
OVER THE VARIOUS ORGANS - A METAPHOR THAT GOT SO LONG AND DETAILED
THAT HE SOON LOST THE ATTENTION OF HIS EC COLLEAGUES. THE GERMAN
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DELEGATION DID NOT APPEAR TO IMPRESS THE COUNCIL WITH ANY CLEAR
IDEA OF WHAT IT WANTED EXCEPT PERM REP SOURCE, THAT THEY HAD SHED
THEIR WAR GUILD AND WOULD NO
LONGER MEEKLY SHOULD THE COSTS OF THE CAP.

9. IN ANSWER TO THE QUESTION OF WHETHER THE MEETING WAS WORTH
HAVING - IRISH MINISTER CLINTON RESPONDED THAT THE GERMANS
APPEARED TO HAVE ATTACHED GREAT IMPORTANCE TO IT; FRENCH
MINISTER BONNET CALLED THE MEETING A "MANIFESTATION
SUPERFICIELLE;" A DUTCH PERM REP SOURCE SAID IT WAS AN
EDUCATION FOR THE FOREIGN MINISTERS BUT RATHER SUPERFLUOUS
FOR THE AGRICULTURAL MINISTERS; AND COMMISSIONER LARDINOIS
RESPONDED SUCCINCTLY "NO."

10 WE ARE SENDING BY SEPTTEL A MISSION ANALYSIS OF
ALTERNATIVE CAP REFORM POSSIBILITIES. MYERSON

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Message Attributes

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